

HOUSE BILL No. 1840

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-3.5-5-3.

Synopsis: Legislators' defined contribution plan. Requires the public employees' retirement fund board to include in the legislators' defined contribution plan an investment option that conserves the amounts invested using: (1) direct obligations of the United States of America; (2) obligations guaranteed by the United States of America; (3) certain obligations of federal banks; and (4) certificates of deposit or time deposits constituting direct obligations of a bank.

Effective: July 1, 2003.

Whetstone, Dobis

January 23, 2003, read first time and referred to Committee on Labor and Employment.

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Introduced

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

HOUSE BILL No. 1840

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 2-3.5-5-3, AS AMENDED BY P.L.13-2001,
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2003]: Sec. 3. (a) The PERF board shall establish alternative
4 investment programs within the fund, based on the following
5 requirements:

6 (1) The PERF board shall maintain at least one (1) alternative
7 investment program that is:

8 (A) an indexed stock fund; ~~and one (1) alternative investment~~
9 ~~program that is~~

10 (B) a bond fund; ~~and~~

11 (C) a program that invests only in:

12 (i) direct obligations of the United States of America;

13 (ii) obligations on which the timely payment of principal
14 and interest is fully guaranteed by the United States of
15 America;

16 (iii) obligations of the federal banks for cooperatives,
17 farm credit banks, federal home loan banks, Federal



**National Mortgage Association and Government
National Mortgage Association; and
(iv) certificates of deposit or time deposits constituting
direct obligations of any bank described in IC 28-1-1
through IC 28-1-23, but only in those certificates of
deposit or time deposits in banks that are insured by the
Bank Insurance Fund of the Federal Deposit Insurance
Corporation, if then in existence.**

(2) The programs should represent a variety of investment objectives.

(3) The programs may not permit a member to withdraw money from the member's account, except as provided in section 6 of this chapter.

(4) All administrative costs of each alternative program shall be paid from the earnings on that program.

(5) A valuation of each member's account must be completed as of the last day of each quarter.

(b) A member shall direct the allocation of the amount credited to the member among the available alternative investment funds, subject to the following conditions:

(1) A member may make a selection or change an existing selection under rules established by the PERF board. The PERF board shall allow a member to make a selection or change any existing selection at least once each quarter.

(2) The PERF board shall implement the member's selection beginning the first day of the next calendar quarter that begins at least thirty (30) days after the selection is received by the PERF board. This date is the effective date of the member's selection.

(3) A member may select any combination of the available investment funds, in ten percent (10%) increments.

(4) A member's selection remains in effect until a new selection is made.

(5) On the effective date of a member's selection, the board shall reallocate the member's existing balance or balances in accordance with the member's direction, based on the market value on the effective date.

(6) If a member does not make an investment selection of the alternative investment programs, the member's account shall be invested in the PERF board's general investment fund.

(7) All contributions to the member's account shall be allocated as of the last day of the quarter in which the contributions are received in accordance with the member's most recent effective

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direction. The PERF board shall not reallocate the member's account at any other time.

(c) When a member transfers the amount credited to the member from one (1) alternative investment program to another alternative investment program, the amount credited to the member shall be valued at the market value of the member's investment, as of the day before the effective date of the member's selection. When a member retires, becomes disabled, dies, or withdraws from the fund, the amount credited to the member shall be the market value of the member's investment as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or withdrawal, plus contributions received after that date.

(d) The PERF board shall determine the value of each alternative program in the defined contribution fund, as of the last day of each calendar quarter, as follows:

(1) The market value shall exclude the employer contributions and employee contributions received during the quarter ending on the current allocation date.

(2) The market value as of the immediately preceding quarter end date shall include the employer contributions and employee contributions received during that preceding quarter.

(3) The market value as of the immediately preceding quarter end date shall exclude benefits paid from the fund during the quarter ending on the current quarter end date.

SECTION 2. [EFFECTIVE JULY 1, 2003] (a) The board of trustees of the public employees' retirement fund shall implement IC 2-3.5-5-3, as amended by this act, not later than December 31, 2003.

(b) This SECTION expires January 1, 2004.

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